

# REQUIRED SUPPLEMENTARY INFORMATION



## Schedule of Funding Progress Employee Retirement Systems and Plans

(amounts expressed in thousands)	Primary Government	Discretely Presented Component Unit					
	SPRF	PERF -State	PERF-Municipal	ECRF	JRS	PARF	LRS
<b>Valuation Date: July 1, 2008</b>							
Actuarial value of assets	\$ 386,873	*	*	*	*	*	*
Actuarial accrued liability (AAL)	438,460	*	*	*	*	*	*
Excess of assets over (unfunded) AAL	(51,587)	*	*	*	*	*	*
Funded ratio	88%	*	*	*	*	*	*
Covered payroll	65,421	*	*	*	*	*	*
Excess (unfunded) AAL as a percentage of covered payroll	-79%	*	*	*	*	*	*
<b>Valuation Date: July 1, 2007</b>							
Actuarial value of assets	\$ 371,918	2,350,652	3,155,717	57,414	211,747	23,815	5,035
Actuarial accrued liability (AAL)	413,969	2,335,082	3,390,151	74,451	283,995	32,052	5,169
Excess of assets over (unfunded) AAL	(42,051)	15,570	(234,434)	(17,037)	(72,248)	(8,237)	(134)
Funded ratio	90%	101%	93%	77%	75%	74%	97%
Covered payroll	59,863	1,573,566	2,812,110	17,715	29,712	18,092	**
Excess (unfunded) AAL as a percentage of covered payroll	-70%	1%	-8%	-96%	-243%	-46%	**
<b>Valuation Date: July 1, 2006</b>							
Actuarial value of assets	\$ 339,122	2,169,619	2,838,329	48,496	178,276	20,053	4,721
Actuarial accrued liability (AAL)	392,810	2,210,377	3,072,141	64,765	272,997	29,184	5,232
Excess of assets over (unfunded) AAL	(53,687)	(40,757)	(233,812)	(16,269)	(94,721)	(9,130)	(511)
Funded ratio	86%	98%	92%	75%	65%	69%	90%
Covered payroll	54,156	1,592,207	2,729,929	14,892	34,065	19,225	**
Excess (unfunded) AAL as a percentage of covered payroll	-99%	-3%	-9%	-109%	-278%	-47%	**
<b>Valuation Date: July 1, 2005</b>							
Actuarial value of assets	\$ 317,837	\$ 2,145,805	\$ 2,641,536	\$ 41,663	\$ 151,003	\$ 16,875	\$ 4,338
Actuarial accrued liability (AAL)	390,480	2,189,337	2,984,254	59,964	272,855	25,744	4,999
Excess of assets over (unfunded) AAL	(72,643)	(43,532)	(342,718)	(18,301)	(121,852)	(8,869)	(661)
Funded ratio	81%	98%	89%	69%	55%	66%	87%
Covered payroll	53,897	1,645,248	2,672,619	13,223	32,231	16,659	**
Excess (unfunded) AAL as a percentage of covered payroll	-135%	-3%	-13%	-138%	-378%	-53%	**
SPRF - State Police Retirement Fund PERF - Public Employees' Retirement Fund ECRF - Excise Police, Gaming Agent and Conservation Enforcement Officers' Retirement Fund (Administered by the PERF board of trustees) JRS - Judges' Retirement System (Administered by the PERF board of trustees) PARF - Prosecuting Attorneys' Retirement Fund (Administered by the PERF board of trustees) LRS - Legislators' Retirement System (Administered by the PERF board of trustees)							
* Information not available							
** The benefit formula is determined based on service rather than compensation. July 1, 2007: The unfunded liability is expressed per active participant and there were 43 active participants. The unfunded liability per active participant was \$3,117; July 1, 2006: The unfunded liability is expressed per active participant and there were 46 active participants. The unfunded liability per active participant was \$11,106; July 1, 2005: The unfunded liability is expressed per active participant and there were 48 active participants. The unfunded liability per active participant was \$13,764.							

## Schedule of Funding Progress Other Postemployment Benefits

(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b- a)/c)
<b>State Personnel Healthcare Plan</b>						
6/30/2007 *	\$ -	\$ 62,190	\$ 62,190	0.0%	\$ 1,130,900	5.5%
<b>Legislature's Healthcare Plan</b>						
6/30/2007 *	\$ -	\$ 7,950	\$ 7,950	0.0%	N/A	N/A
<b>Indiana State Police Healthcare Plan</b>						
6/30/2007 *	\$ -	\$ 329,292	\$ 329,292	0.0%	N/A	N/A
<b>Conservation and Excise Police Healthcare Plan</b>						
6/30/2007 *	\$ -	\$ 42,836	\$ 42,836	0.0%	\$ 12,900	332.1%

\* The standard requires three years of information for this schedule. An additional year of information will be added each of the next two years and then it will be the current and two preceding years going forward.

## **Budgetary Information**

The Governor submits a budget biennially to be adopted by the General Assembly for the ensuing two-year period. The budget covers the general fund and most special revenue funds, but excludes the Armory Board and the Recreation funds at State institutions. The General Assembly enacts the budget through passage of specific appropriations, the sum of which may not exceed estimated revenues. Appropriations for programs funded from special revenue funds may allow expenditures in excess of original appropriations to the extent that revenues collected exceed estimated revenues.

The original budget is composed of the budget bill and continuing appropriations. The budget bill is enacted as the Appropriations Act that the Governor may veto, subject to legislative override. Continuing appropriations report budgeted expenditures as equal to the amount of revenues received during the year plus any balances carried forward from the previous year as determined by statute. Except as specifically provided by statute, appropriations or any part thereof remaining unexpended and unencumbered at the close of any fiscal year will lapse and be returned to the fund from which it was appropriated.

The final budget is composed of budgeted amounts as adopted and as amended by supplemental appropriations or appropriation transfers that were necessary during the current year. The State Board of Finance, which consists of the Governor, Auditor of State and Treasurer of State, is empowered to transfer appropriations from one fund of the State to another, with the exception of trust funds. The State Budget Agency may transfer, assign, and reassign almost any appropriation, except those restricted by law; but only when the uses and purposes of the funds concur. Excess general fund revenue is used to cover non-budgeted recurring expenditures and overdrafts of budgeted amounts at the end of the current year. Capital appropriations are initially posted to general government. As projects are approved by the State Budget Committee the appropriations are transferred to the function of government from which they are disbursed. In addition, expenditures under many federal grants are required to be spent before they are reimbursed by the federal government. These actions are considered supplemental appropriations; therefore, expenditures do not exceed appropriations for individual funds.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is maintained at the fund level by the State Budget Agency. When budgets are submitted for each fund center, certain recurring expenditures are not budgeted (medical service payments, unemployment benefits, tort claims) according to instructions from the State Budget Agency to the various agencies. The Budget Agency monitors all fund centers regularly in addition to monitoring excess general fund revenue that will be available at the end of the fiscal year to cover the non-budgeted, recurring expenditures.



**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Major Funds (Budgetary Basis)**  
**For the Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<b>General Fund</b>			<b>Variance to Final Budget</b>
	<b>Budget</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes:				
Income	\$ 4,950,329	\$ 4,950,329	\$ 5,719,020	\$ 768,691
Sales	2,766,017	2,766,017	3,317,044	551,027
Fuels	-	-	1	1
Gaming	5	5	83,908	83,903
Inheritance	147,500	147,500	165,621	18,121
Alcohol and tobacco	319,331	319,331	351,775	32,444
Insurance	177,200	177,200	196,801	19,601
Financial institutions	-	-	-	-
Other	15	15	214,822	214,807
Total taxes	<u>8,360,397</u>	<u>8,360,397</u>	<u>10,048,992</u>	<u>1,688,595</u>
Current service charges	172,566	172,566	193,524	20,958
Investment income	130,600	130,600	166,603	36,003
Sales/rents	3,350	3,350	3,710	360
Grants	-	-	11,391	11,391
Other	<u>36,523</u>	<u>36,523</u>	<u>72,489</u>	<u>35,966</u>
Total revenues	<u>8,703,436</u>	<u>8,703,436</u>	<u>10,496,709</u>	<u>1,793,273</u>
<b>Expenditures:</b>				
Current:				
General government	881,600	1,454,781	1,281,390	173,391
Public safety	683,341	686,272	681,104	5,168
Health	87,373	94,429	93,589	840
Welfare	2,511,541	298,797	283,847	14,950
Conservation, culture and development	112,272	129,972	84,586	45,386
Education	6,533,492	6,294,737	6,316,517	(21,780)
Transportation	<u>500</u>	<u>3,016</u>	<u>1,501</u>	<u>1,515</u>
Total expenditures	<u>10,810,119</u>	<u>8,962,004</u>	<u>8,742,534</u>	<u>219,470</u>
Excess of revenues over (under) expenditures	(2,106,683)	(258,568)	1,754,175	(2,012,743)
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	<u>(1,458,471)</u>	<u>(1,458,471)</u>	<u>(1,458,471)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (3,565,154)</u>	<u>\$ (1,717,039)</u>	<u>\$ 295,704</u>	<u>\$ 2,012,743</u>
<b>Fund balances July 1, as restated</b>			<u>1,784,232</u>	
<b>Fund balances June 30</b>			<u><b>\$ 2,079,936</b></u>	

Motor Vehicle Highway Fund				Medicaid Assistance			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
324,689	324,689	313,313	(11,376)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
172,828	172,828	173,846	1,018	-	-	-	-
497,517	497,517	487,159	(10,358)	-	-	-	-
136,883	136,883	135,092	(1,791)	-	-	-	-
-	-	-	-	-	-	86	86
7	7	5	(2)	-	-	-	-
11,185	11,185	12,883	1,698	3,764,496	3,764,496	4,099,270	334,774
37,613	37,613	35,152	(2,461)	10,859	10,859	554,292	543,433
<u>683,205</u>	<u>683,205</u>	<u>670,291</u>	<u>(12,914)</u>	<u>3,775,355</u>	<u>3,775,355</u>	<u>4,653,648</u>	<u>878,293</u>
87,847	376,418	376,418	-	-	23	-	23
216,218	225,779	225,779	-	-	-	-	-
-	168	168	-	-	-	-	-
-	-	-	-	-	6,481,100	6,404,227	76,873
-	-	-	-	-	-	-	-
273	261	261	-	-	-	-	-
-	837	837	-	-	-	-	-
<u>304,338</u>	<u>603,463</u>	<u>603,463</u>	<u>-</u>	<u>-</u>	<u>6,481,123</u>	<u>6,404,227</u>	<u>76,896</u>
378,867	79,742	66,828	12,914	3,775,355	(2,705,768)	(1,750,579)	(955,189)
(81,660)	(81,660)	(81,660)	-	1,774,117	1,774,117	1,774,117	-
<u>\$ 297,207</u>	<u>\$ (1,918)</u>	<u>\$ (14,832)</u>	<u>\$ (12,914)</u>	<u>\$ 5,549,472</u>	<u>\$ (931,651)</u>	<u>\$ 23,538</u>	<u>\$ 955,189</u>
		65,703				47,345	
		<u>\$ 50,871</u>				<u>\$ 70,883</u>	

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Major Funds (Budgetary Basis)**  
**For the Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<b>Major Moves Construction Fund</b>			
	<b>Budget</b>		<b>Actual</b>	<b>Variance to Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Inheritance	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	-	-	-	-
Investment income	128,131	128,131	150,784	22,653
Sales/rents	-	-	-	-
Grants	-	-	-	-
Other	3,117,520	3,117,520	-	(3,117,520)
Total revenues	<u>3,245,651</u>	<u>3,245,651</u>	<u>150,784</u>	<u>(3,094,867)</u>
<b>Expenditures:</b>				
Current:				
General government	496,000	70,612	-	70,612
Public safety	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Conservation, culture and development	-	-	-	-
Education	-	-	-	-
Transportation	-	-	70,612	(70,612)
Total expenditures	<u>496,000</u>	<u>70,612</u>	<u>70,612</u>	<u>-</u>
Excess of revenues over (under) expenditures	2,749,651	3,175,039	80,172	3,094,867
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	<u>(173,696)</u>	<u>(173,696)</u>	<u>(173,696)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 2,575,955</u>	<u>\$ 3,001,343</u>	<u>\$ (93,524)</u>	<u>\$ (3,094,867)</u>
<b>Fund balances July 1, as restated</b>			<u>2,702,683</u>	
<b>Fund balances June 30</b>			<u><b>\$ 2,609,159</b></u>	

State Highway Department				Property Tax Replacement Fund			
Budget		Actual	Variance to Final Budget	Budget		Actual	Variance to Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,662,398	2,662,398	2,298,424	(363,974)
1	1	1	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1	1	1	-	2,662,398	2,662,398	2,298,424	(363,974)
12,216	12,216	5,710	(6,506)	-	-	-	-
300	300	379	79	-	-	-	-
1,382	1,382	1,532	150	-	-	-	-
829,993	829,993	683,227	(146,766)	-	-	-	-
85,855	85,855	85,766	(89)	-	-	-	-
<u>929,747</u>	<u>929,747</u>	<u>776,615</u>	<u>(153,132)</u>	<u>2,662,398</u>	<u>2,662,398</u>	<u>2,298,424</u>	<u>(363,974)</u>
-	-	-	-	-	2,210,902	2,210,902	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,826,811	1,696,656	1,654,531	42,125	-	-	-	-
<u>1,826,811</u>	<u>1,696,656</u>	<u>1,654,531</u>	<u>42,125</u>	<u>-</u>	<u>2,210,902</u>	<u>2,210,902</u>	<u>-</u>
(897,064)	(766,909)	(877,916)	111,007	2,662,398	451,496	87,522	363,974
<u>561,611</u>	<u>561,611</u>	<u>561,611</u>	<u>-</u>	<u>(91,041)</u>	<u>(91,041)</u>	<u>(91,041)</u>	<u>-</u>
<u>\$ (335,453)</u>	<u>\$ (205,298)</u>	<u>\$ (316,305)</u>	<u>\$ (111,007)</u>	<u>\$ 2,571,357</u>	<u>\$ 360,455</u>	<u>\$ (3,519)</u>	<u>\$ (363,974)</u>
		486,546				3,519	
		<u>\$ 170,241</u>				<u>\$ -</u>	

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**State of Indiana**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Major Funds (Budgetary Basis)**  
**For the Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Tobacco Settlement Fund			
	Budget		Actual	Variance to Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Income	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Fuels	-	-	-	-
Gaming	-	-	-	-
Inheritance	-	-	-	-
Alcohol and tobacco	-	-	-	-
Insurance	-	-	-	-
Financial institutions	-	-	-	-
Other	-	-	-	-
Total taxes	-	-	-	-
Current service charges	124,914	124,914	147,475	22,561
Investment income	4,932	4,932	3,980	(952)
Sales/rents	-	-	-	-
Grants	196	196	-	(196)
Other	90	90	225	135
Total revenues	<u>130,132</u>	<u>130,132</u>	<u>151,680</u>	<u>21,548</u>
<b>Expenditures:</b>				
Current:				
General government	-	17,692	17,172	520
Public safety	-	-	-	-
Health	-	34,193	34,193	-
Welfare	-	1,084	1,084	-
Conservation, culture and development	-	111	111	-
Education	-	-	-	-
Transportation	-	-	-	-
Total expenditures	<u>-</u>	<u>53,080</u>	<u>52,560</u>	<u>520</u>
Excess of revenues over (under) expenditures	130,132	77,052	99,120	(22,068)
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)	<u>(85,434)</u>	<u>(85,434)</u>	<u>(85,434)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 44,698</u>	<u>\$ (8,382)</u>	<u>\$ 13,686</u>	<u>\$ 22,068</u>
<b>Fund balances July 1, as restated</b>			<u>135,287</u>	
<b>Fund balances June 30</b>			<u>\$ 148,973</u>	

## Budget/GAAP Reconciliation Major Funds

The cash basis of accounting (budgetary basis) is applied to each budget. The budgetary basis differs from GAAP. The major differences between budgetary (non-GAAP) basis and GAAP basis are:

(amounts expressed in thousands)	GENERAL FUND	MOTOR VEHICLE HIGHWAY FUND	MEDICAID ASSISTANCE	MAJOR MOVES CONSTRUCTION FUND	STATE HIGHWAY DEPARTMENT	PROPERTY TAX RELIEF FUND	TOBACCO SETTLEMENT FUND	Total
Net change in fund balances (budgetary basis)	\$ 295,704	\$ (14,832)	\$ 23,538	\$ (93,524)	\$ (316,305)	\$ (3,519)	\$ 13,686	\$ (95,252)
Adjustments necessary to convert the results of operations on a budgetary basis to a GAAP basis are:								
Revenues are recorded when earned (GAAP) as opposed to when cash is received (budgetary)	416,161	(1,832)	113,513	(17,490)	(15,409)	(237,549)	2,505	259,899
Expenditures are recorded when the liability is incurred (GAAP) as opposed to when payment is made (budgetary)	(220,851)	2,293	(99,407)	(17,679)	(12,818)	121,904	(2,988)	(229,546)
<b>Net change in fund balances (GAAP basis)</b>	<b>\$ 491,014</b>	<b>\$ (14,371)</b>	<b>\$ 37,644</b>	<b>\$ (128,693)</b>	<b>\$ (344,532)</b>	<b>\$ (119,164)</b>	<b>\$ 13,203</b>	<b>\$ (64,899)</b>

## Infrastructure - Modified Reporting

### Condition Rating of the State's Highways and Bridges

<b>Roads</b>	<b>Average Pavement Quality Index (PQI)</b>		
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Interstate Roads (including Rest Areas and Weigh Stations)	84%	83%	84%
NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)	83%	82%	81%
Non-NHS Roads	79%	79%	76%

The condition of road pavement is measured using a pavement quality index (PQI), which is based on a weighted average of three distress factors found in pavement surfaces. The PQI uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in excellent condition (90-100), good condition (80-89), fair condition (70-79), and poor condition (less than 70). It is the State's policy to maintain Interstate and NHS Non-Interstate roads at an average PQI of 75 and Non-NHS roads at an average PQI of 65. Condition assessments are determined on an annual basis for Interstates and on a biennial basis for other roads. The ratings provided are based on data gathered during the summer (July and August) of the corresponding fiscal year. The data are evaluated and compared to standard criteria by the end of the fiscal year.

<b>Bridges</b>	<b>Average Sufficiency Rating</b>		
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Interstate Bridges	88.9%	90.4%	90.6%
NHS Bridges - Non-Interstate	89.6%	90.4%	90.3%
Non-NHS Bridges	87.4%	88.3%	87.8%

The condition of the State's bridges is measured based on a sufficiency rating, which is based on a weighted average of four factors indicative of a bridge's sufficiency to remain in service. The sufficiency rating uses a measurement scale that ranges from zero for an entirely insufficient or deficient bridge to 100 for an entirely sufficient bridge. The sufficiency rating is used to classify bridges in excellent condition (90-100), good condition (80-89), fair condition (70-79), marginal condition (60-69), and poor condition (below 60). It is the State's policy to maintain Interstate bridges at a minimum sufficiency rating of 87%, NHS Non-Interstate bridges at 85%, and Non-NHS bridges at 83%. Sufficiency ratings are determined at least on a biennial basis for all bridges. Sufficiency ratings are determined more frequently for certain bridges depending on their design.

**Infrastructure - Modified Reporting**  
**Comparison of Needed-to-Actual Maintenance/Preservation**  
**(dollars in thousands)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Roads</b>					
Interstate Roads (including Rest Areas and Weigh Stations):					
Needed	\$ 120,147	\$ 212,485	\$ 105,267	\$ 151,999	\$ 194,098
Actual	256,482	248,803	126,361	140,667	253,555
NHS and Non-NHS Roads - Non-Interstate (including Rest Areas and Weigh Stations)					
Needed	419,001	145,720	234,789	230,453	256,681
Actual	374,770	297,223	413,557	376,969	415,019
Roads at State Institutions and Properties					
Needed	1,225	2,529	1,173	2,903	2,689
Actual	3,146	3,069	4,496	5,595	4,381
Total					
Needed	540,373	360,734	341,229	385,355	453,468
Actual	634,398	549,095	544,414	523,231	672,955
<b>Bridges</b>					
Interstate Bridges					
Needed	\$ 34,723	\$ 37,157	\$ 5,749	\$ 39,166	\$ 19,946
Actual	43,904	37,070	29,520	23,863	28,723
NHS Bridges - Non-Interstate					
Needed	4,695	10,220	31,943	2,021	26,411
Actual	13,568	14,154	11,459	1,282	7,766
Non-NHS Bridges					
Needed	26,694	31,549	44,859	32,597	34,929
Actual	34,138	35,118	31,145	61,271	73,356
Bridges at State Institutions and Properties					
Needed	-	-	-	164	926
Actual	3	-	-	796	702
Total					
Needed	66,112	78,926	82,551	73,948	82,212
Actual	91,613	86,342	72,124	87,212	110,547

